UNCTAD BULLETIN

MAY – JUNE 1993

NUMBER 20

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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

Regular readers will recall that the institutional and work-programme reforms adopted by UNCTAD VIII in February 1992 have been at the forefront of attention this past year. Meanwhile, however, there has been another important, if less-noticed development, namely a reaffirmation of UNCTAD's role as a forum for reaching multilateral agreements on trade and development issues. Recent examples include the International Sugar Agreement of March 1992; and the Protocol amending and extending the International Agreement on Olive Oil and Table Olives of March 1993. This was followed in May by the adoption of a new Convention on Maritime Liens and Mortgages at a conference convened by the United Nations and by the International Maritime Organization (IMO). Amongst other things, the Convention is expected to encourage ship financing, particularly in developing countries, by giving mortgage lenders improved security. Meanwhile, negotiations are continuing on an International Cocoa Agreement and on an International Tropical Timber Agreement.

Reaching such accords has always been a core UNCTAD activity. The creation of UNCTAD in 1964 was partly a response to a perception that the existing international arrangements and institutions did not give sufficient consideration to the problems of economic development. In particular, it was felt that developing countries did not have a say in setting the "rules of the game". UNCTAD soon acquired a distinctive character as the principal organ of the General Assembly in the field of trade and development, and by the early 1980s a number of international agreements and conventions of a pioneering character had been negotiated. These included the establishment of the Generalized System of Preferences and the agreement on the principles to be applied in granting debt relief to the poorest developing countries.

The level of such activity fell thereafter, coinciding with a period during which UNCTAD's role and its working methods became the object of much discussion. Evolving perceptions were finally concretized at UNCTAD VIII, which confirmed the organization's existing functions but determined that they should be exercised in a dynamic and progressive sequence. In this sequence, negotiations are conceived as the culmination of prior processes involving analytical work, intergovernmental deliberations and consensus-building; and their principal objective is agreement on implementable commitments.

The provision of a studied approach to negotiations is important because, even in today's deregulated and liberalized economic environment, some thorny issues nevertheless call for the setting of international norms and standards as well as for joint initiatives. In this context, the experience of the past year – which, apart from the agreements referred to above, has also seen consensus reached on important policy statements such as the Board's conclusions on interdependence and its message to Uruguay Round participants – suggests that UNCTAD remains one of the key global fora in which governments and, increasingly, other interested parties, particularly the private sector, are able to reach agreement on matters of common interest.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 186 member States, including the 183 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees, working groups and other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff-part of the United Nations Secretariat-numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor

MR. DADZIE WARNS OF DANGER OF STAGNATION AND INSTABILITY IN THE WORLD ECONOMY AT IMF-WORLD BANK SPRING MEETINGS

The Secretary-General of UNCTAD, Mr. Kenneth K.S. Dadzie, addressed the IMF-World Bank spring meetings and the ministerial meeting of the Group of 24 which took place in Washington from 26 April-1 May. The following is the text of Mr. Dadzie's statement.

Deflationary Forces Persist

In recent months the world economy has, unfortunately, once again performed more in accordance with the expectations of the UNCTAD secretariat than the relatively optimistic projections of some other international institutions.

The *United States* has begun to recover, but the growth rate is only about one-half of that during previous post-war recoveries. The driving force has been a fall in household savings rather than a rise in personal incomes. Savings cannot, however, keep falling indefinitely. Therefore, in order to sustain recovery it will be necessary to create jobs, and thus incomes, over and above what the private sector is now generating on its own. It would be regrettable if the longer-term adjustment of structural budget deficits that at long last appears to be in prospect is not accompanied by a short-term fiscal stimulus.

Japan's economic performance has been especially poor by its own standards, with output stagnating or falling during the last three quarters. Last year's fiscal expansion proved inadequate. Indeed, domestic demand fell, and the response of firms has resulted in a contentious trade surplus. Moreover, little progress has been made in cleaning the balance sheets of banks so as to strengthen their ability to finance recovery. The new fiscal package is a welcome move in the right direction but, again, it seems unlikely to give a significant stimulus to world economic activity.

Western Europe's growth last year was again one of the slowest since the mid-1970s. Growth is expected to fall in three of the four major western European countries in 1993, though the British economy now appears to be moving upwards. Tight monetary policy and unprecedentedly high interest rates in Germany have been important factors depressing activity in the region. German interest rates have recently been cut, but further reductions are needed to revive growth.

Unemployment has been rising sharply in the industrial world. There are now 30 million unemployed in the OECD area. Japanese companies are responding to demand deficiency by shedding labour rather than shortening working hours as in the past. Industrial rationalization in the United States has boosted labour productivity, but it has also added to joblessness. All countries can, of course, increase their productivity. But all cannot improve their competitiveness. When they all try to, the result is invariably more recession and more unemployment all round.

Coordinated Macro Policies for Growth

Unless deflation is countered by expansionary macroeconomic policies, countries may well attempt *to shift the burden of deflation onto their trading partners*, putting further strain on the trading system. A successful conclusion of the Uruguay Round could provide a boost to the world economy. But, on the other hand, continued weakness in world economic activity will surely feed protectionism and obstruct a successful conclusion of the Round.

Care should be taken to ensure that the transition to *European monetary union* is not deflationary. Strict adherence to the convergence rules on government debt and deficits would impose a massive fiscal retrenchment. Moreover, although countries with excessive debt and deficits are required to cut back, there are no corresponding provisions for other countries to adopt expansionary fiscal measures; nor is monetary easing made mandatory.

This brings us to *the lack of economic policy coordination*, even in Europe where it has a firm institutional basis. There are wide differences of view among the major industrial countries on the appropriate mix and stance of policies, especially monetary policy in Europe; and on exchange rates, both among the European currencies and between the dollar and the yen. Although Japan is widely praised for its Keynesian policy, financial orthodoxy continues to prevail notwithstanding the strength of deflationary forces.

In recent years *the stake of developing countries* in the mix and stance of macroeconomic policies in the major industrial countries has been substantially enhanced by their increased financial openness. This calls for a greater and more effective participation of these countries in the policy debate and coordination among the major industrial countries.

Speculative capital movements remain a serious problem. It should be clear by now that it may not be possible to enjoy simultaneously monetary policy autonomy, free capital movements and stable exchange rates while avoiding trade restrictions. The European Monetary System broke down largely because the major indus-

READEX

trial countries tried to achieve this "inconsistent quartet": the inconsistency showed up in the massive speculative raids in currency markets.

Would greater convergence of economic policies and performance guarantee exchange rate stability ? Experience suggests not. The degree of convergence of inflation rates and monetary and fiscal policies between Germany and France has been almost unprecedented, but this has not prevented speculative attacks on the French franc. Besides, the extra degree of convergence that may be sought to stabilize exchange rates may well require countries to give up more policy autonomy than they are prepared to. The desirability of direct or indirect *controls on short-term capital flows* may therefore need to be re-appraised.

Developing Countries Need Stable Financing and Debt Relief

In *developing countries* growth continues to be highly uneven. A number of countries are firmly on a sustained growth path. But in most, growth is either absent or erratic. Many recent spurts in growth have been associated with payments positions of doubtful sustainability.

After many years of stabilization and adjustment, the economic performance and prospects of *Africa* remain very unsatisfactory. There is no doubt that strong domestic policy efforts and deep reforms are essential for sustained growth. But structural and institutional weaknesses place African economies at the mercy of factors beyond government control, namely commodity prices, external aid and the weather. The time has come to ask whether it is right to continue to view external financial assistance primarily as a device to bring about domestic policy reform. Should not aid once again be seen as a source of financing investment ?

Progress has been made in reducing debt burdens and improving creditworthiness. But *the debt crisis* persists for over 50 developing countries (or a third of the developing nations) and for several East European countries who continue to accumulate arrears and reschedule their debts. Most of them are among the poorest. For many, the enhanced Toronto terms, or even the proposed Trinidad terms, are not enough. Bolder action is needed by official creditors, including the alleviation of the multilateral debt burden.

Capital flows to developing countries have picked up strongly. Foreign direct investment is up. There have also been considerable private portfolio flows to a number of countries. However, these are mostly short-term and often speculative, with the potential to disturb investment, exchange rates and competitiveness. Some recipients of large-scale capital flows have seen their trade balances deteriorate rapidly because of real currency appreciation and trade liberalization. They are vulnerable to an increase in world interest rates, which could reverse capital flows and trigger a balance-of-payments crisis.

The IMF-World Bank meetings are those of the Interim and Development Committees, both established in 1974. The Interim Committee advises the Board of Governors of the IMF on supervising the management and adaptation of the international monetary system as well as dealing with disturbances which might threaten it. The Development Committee advises and reports to the Boards of Governors of the Bank and the IMF on all aspects of the transfer of real resources to developing countries and makes suggestions for their implementation.

The Group of 24 was founded in 1972 by the Group of 77 to represent the interests of developing countries in negotiations on international monetary matters. It comprises eight members each from Africa, Asia and Latin America. The Group's meetings usually take place in conjunction with those of the Interim and Development Committees to enable developing countries to discuss issues on their agenda.

Although the downturn seems to have bottomed out in Central Europe, acute problems remain in *Eastern Europe*, especially in the former Soviet Union which has suffered another slump in output. The old command-and-control system is collapsing, but new market institutions and behaviour cannot spring up overnight. Similarly, integrating these economies into the world economy will take time, though the break-up of COMECON occurred rapidly. The transition should therefore be phased rather than sought all-at-once through "shock treatment", and the State should be re-equipped to guide the transition, rather than simply dismantled. The complexity of the process should be reflected in the volume and conditions of external assistance, as well as in the trade policies of industrialized countries.

* * *

In conclusion, there is a danger of stagnation and instability in the world economy, notwithstanding the very strong growth of East Asia. This danger would be magnified, not dispelled, by a sudden intensification of financial orthodoxy. What is required, rather, are pragmatic, internationally-coordinated measures to increase effective demand in the North and stable financing for the South. In this context, there is need for a new round of SDR allocations, with the bulk channelled to areas suffering from chronic external financial stringency.

DMFAS - TEN YEARS OF DEBT MANAGEMENT COOPERATION

The main component of the technical cooperation provided by UNCTAD in the area of debt management is the Debt Management and Financial Analysis System (DMFAS). This is a software package designed to strengthen the technical capacity of developing countries to record and monitor their external debt; to integrate debt management into the management of public-sector finance; to relate scheduled debt-services payments to a comprehensive projections system for the external sector; and to improve the capacity to select appropriate external borrowing strategies[1].

The DMFAS was first conceived just over ten years ago and the system is now operational in over twenty countries. The first version, which was essentially a computerised tool to collate information on external debt (mainly loan contracts), was installed in Costa Rica in 1982 and Liberia in 1983. In 1984 the analytical module, known as the Debt Projections and Balance-of-Payments Linkage System (DPS), was developed. This was followed, three years later, by the introduction of a version consisting of the Debt Monitoring System (DMS) in which data were registered, and the Debt Aggregation System (DAS) in which the amortization tables were calculated and reports produced. In 1989 version 4 was released, marking a leap forward in terms of speed of calculation and ability to sort data. It was first tested and installed in Egypt and Pakistan. This and later versions included a rescheduling module known as the Debt Reorganization Sub-system (DRES). The latest version, 4.1 Plus was released in September 1992. Since version 4.1 (released in 1991) users have been able to use the DMFAS to report directly to the World Bank's Debtor Reporting System. Version 4.1 Plus also contains an interface with the World Bank's Debt Strategy Module, a computerised tool for sensitivity analysis.

The DMFAS is installed generally in Central Banks and/or Ministries of Finance, the two institutions most closely involved in the debt management process. Increasingly, it is also being installed in Ministries of Planning. Installations are generally carried out within the framework of a technical cooperation project, which addresses the institutional, administrative and legal environment within which the DMFAS is required to operate, as well as the hardware and training requirements needed to run the system. The latest DMFAS version is installed in the debt offices of Ministries of Finance and/or Central Banks in nine African countries, four Asian countries, and six countries in Latin America and the Caribbean. It is available in English, French and Spanish.

The tenth anniversary of DMFAS coincided with an event which is likely to have a marked impact on the future development of the system. This was the launch of a four-year interregional project, sponsored by UNDP to the tune of $5.3 million, under which UNCTAD and the World Bank will join forces to provide assistance to developing countries in the area of debt management. This is the largest single technical cooperation project in UNCTAD's twenty-eight year history.

It is therefore an appropriate time to reflect on the evolution of DMFAS and on the lessons learned along the way. For this purpose, this article focuses on two specific country experiences.

DMFAS in a Large Country Setting

The installation of a computerized system is not necessarily the central focus of the assistance provided by UNCTAD. Often, problems that countries encounter when monitoring their foreign loan portfolio stem from organizational difficulties. Loan contracts are not kept in one place, institutions do not communicate with one another, staff is constantly replaced. However, this was not the case in the biggest DMFAS project undertaken so far. In the country concerned, all information on external debt was already centralized in the statistical unit of the Central Bank. The problem rather was that the number of loans was so large that the information could not be handled manually or with the aid of simple software tools.

When the country approached UNCTAD for help in recording and monitoring its external debt, DMFAS was at an early stage of development. The project, therefore, offered a real opportunity to test the system's capacity to cope with such a large loan database. When the project began, the Central Bank was managing about 5,000 loans which, in turn, generated over 20,000 schedules. Version 2 of the DMFAS was installed and the loans registered. However, due to the size of the database, it took several days to generate all the loan amortization tables. The computer had to be left to calculate undisturbed, and if a power cut occurred – which it sometimes did – the whole process had to be started again.

The project also turned out to be more complex and costly than initially anticipated. Various bugs and gaps in the software were identified which the DMFAS support team had to resolve. In

[1] *For more information on the history and characteristics of DMFAS, see "UNCTAD Bulletin", January-April 1992 and November-December 1992; DMFAS Newsletter (published bi-annually); and DMFAS Progress Report 1991-1992 (UNCTAD/GID/DMS/5).*

addition, the version which was provided did not fully cover the country's needs. The data required more sophisticated manipulation, for example as far as registering different types of transactions was concerned. As a result, a completely separate module was developed, tailor-made to meet the country's specific needs. This left UNCTAD with the dilemma of having two separate systems. In 1988 it was decided to incorporate this new, country-specific module into the DMFAS, resulting in version 4 of the system. Version 4 brought numerous improvements. Salient among these was the fact that it was much faster when calculating amortization tables, and allowed for subsets of data to be selected according to a range of criteria. It also produced a wider variety of reports. Several members of the Geneva DMFAS team spent most of the summer in the country installing and testing this version.

Subsequent versions of the system have taken into account the experience gained in this country, an experience that has since been repeated in countries with smaller loan databases. For example, since version 4, the DMFAS has permitted very rapid calculations. Instead of days being needed to generate amortization tables, one thousand such tables, each comprising an average of thirty principal and interest instalments, can be calculated in approximately three minutes.

The case described above is a good example of a country's needs defining the future development of the technical cooperation offered. It was, in fact, the challenge posed by the large number of reorganized loans and transactions needing to be registered after the country's first visit to the Paris Club in 1990 which led to the development of the DMFAS rescheduling module. After a further Paris Club rescheduling in 1992, UNCTAD helped the country to register the extremely complicated agreements that arose from the rescheduling, an exercise that will also benefit other countries using the DMFAS.

A Small Country Project

In the late 1980s UNCTAD and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) collaborated to provide technical cooperation in debt management to a small group of countries in the ECLAC region. The situation in these countries was roughly comparable and it was felt that the most effective way to deliver assistance was through a regional project.

One of the smaller countries in the region had no central unit to manage its external debt in the early 1980s, but it had started to develop a computerized system. This system, under which the debt was accounted for in the national currency equivalent, permitted some of the immediate debt management problems to be resolved. In time, however, the debt portfolio became increasingly complicated and difficult to manage. The aim of the regional project, which started in 1988, was not just to install DMFAS in the five countries concerned but also to improve the institutional context for debt management. Each country was to set up a national debt office in the main institution responsible for managing the debt. In the country whose experience is described here, it was decided to set up this office in the Ministry of Finance, because the details of loans and most transactions were channelled through it.

Three training seminars were held under the regional project. The first, in June 1988, covered mainly conceptual issues such as how to treat loan contracts. At this point the country's debt information was centralized, all its loan contracts were assembled and preparations were made for installing DMFAS. In the period between the next two training seminars, concern arose that the adoption of DMFAS would make the country too dependent on UNCTAD, which was physically remote. The question arose as to what would happen when the regional project ended. In the event, the authorities decided to continue with the DMFAS while at the same time further developing the national system.

The third and last training seminar under the regional project was held in 1991, and the five countries were provided with version 4.1. This built on the improvements of version 4 in terms of speed of calculation and range of reports. It was also much more "user-friendly", for example it was now possible to move between menus without changing screens.

Over the next few years, the UNCTAD system became firmly established in the country. One major problem remained to be resolved however. Since the original regional project had been completed and as no follow-up project had been launched due to lack of funds, UNCTAD was not able to maintain a presence in the region for technical backstopping or training. On the positive side, it must be recorded that when the country went to the Paris Club for the first time in 1990, the DMFAS proved its worth in providing the data required for the meeting and for the bilateral negotiations that followed. The information that must be provided by countries going to the Paris Club includes not only a report on the current and future status of all debt, but also the specific data concerning the bilateral loans which it is hoped will be rescheduled.

A new development occurred in 1991 when the country's exchange rate was liberalized. The national system, in which the debt was denominated in the local currency and which was based on a static exchange rate, was not able to cope.

The DMFAS began to play a more important role, providing information on on-lent loans (balances and debt service to be paid) to the para-statal organizations, and information on all loans for the IMF and for the Central Bank. The latter is responsible for providing data to the World Bank's Debtor Reporting System. By 1992 it was clear to the authorities that it was worth financing the participation of three officials at the training seminar in Geneva which coincided with the release of version 4.1 Plus of the DMFAS.

One of the useful lessons from this small country's experience is that, to sustain momentum after the end of a project, regional capacity has to be built up, both in system support and training. The official who was originally trained in the use of the DMFAS under the regional project in this country now provides training to staff in other institutions as well as his own.

Conclusion

A report commissioned by UNDP in 1988 to review technical cooperation in debt management concluded that there were two main reasons why difficulties had been encountered. The first was the "newness" factor, the fact that debt management "has only recently been defined with regard to its functions and requirements". Since then UNCTAD and the countries where the DMFAS has been installed have been engaged in a joint learning process to define such functions both in theory and in practice.[2] The second reason given was the "lack of resources on the part of technical assistance agencies, forcing them to design and run projects on a shoestring budget with regard to duration as well as scope and intensity."[3]

Hopefully, now that UNCTAD, the World Bank and UNDP have decided to provide joint assistance in debt management, and given the increased stability in funding that this agreement has brought, the problems caused by lack of resources will be overcome. In September 1994, under the joint programme described earlier, UNCTAD will release version 5 of the DMFAS. This version is designed to be more user-friendly and to capture and handle all flows under the entire range of debt instruments currently in use. It will contain all the features of version 4.1 Plus, and in addition will protect data with sophisticated security measures, and have a flexible report feature enabling users to create new layouts for reports. It will be written using Oracle's relational database management system and its fourth generation programming tools, and will not only build on the huge advances made in computer technology, but also on the lessons learnt over the last ten years from DMFAS users in countries around the world.

[2] *See "Effective Debt Management" (UNCTAD/RDP/DFP/DMS/2).*

[3] *See "Debt Management and the Developing Countries", UNDP, July 1989.*

CALENDAR OF UNCTAD TECHNICAL COOPERATION TRAINING ACTIVITIES

Subject	*Date*	*Location*	*Type of activity*
TRAINFORTRADE	30 June - 9 July	Costa Rica	Regional seminar: Commodity Trading
	12 - 16 July	Cuba	" "
	19 - 23 July	"	" "
	26 - 30 July	La Réunion	Regional seminar: Trade with EC
	2 - 6 August	Madagascar	" "
Generalized System of Preferences (GSP)	20 - 22 July	Prague (Czech Republic)	Regional seminar
	27 - 29 July	Bulgaria	" "
	September	Burkina Faso	" "
International Trading of Food Commodities	3 and 14 July	Madagascar	National seminar: Rice and sugar
	20 and 21 July	Comoros	" "
	September	Tanzania	Regional seminar: Wheat, rice

This calendar appears periodically in the "UNCTAD Bulletin". Persons interested in obtaining further information are invited to contact the Chief, Technical Cooperation Policy and Coordination, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland. Tel.: (4122) 907 57 36; Fax (4122) 907 00 43.

FINANCIAL LIBERALIZATION: THE KEY ISSUES

*Yilmaz Akyüz**

In recent years financial policies in both industrial and developing countries have put increased emphasis on the market mechanism. In developing countries, the main impulse has been the belief that financial liberalization would help restore growth and stability by raising savings and improving efficiency. However, in reality in most countries it has increased financial instability. Financial activity has expanded and financial deepening occurred, but without benefiting industry and commerce. Similarly, in many major industrial countries the financial excesses of the 1980s account for much of the sharp slowdown in economic activity in the 1990s. This experience with financial liberalization in both developing and industrial countries holds a number of useful lessons.

Interest Rates and Savings

One of the most common fallacies in economics is that financial liberalization and freeing of interest rates raises savings. Recent evidence from a large number of developing countries shows no such simple relation. Financial liberalization, in fact, can lower household savings by allowing easier access to credit and relaxing the income constraint on consumption spending. This has happened in many developing countries as well as in the United States.

It can also reduce private savings by redistributing income away from corporate profits, which often constitute an important part of private savings and are the most important source of business investment. Since the savings rate is generally higher in the corporate sector, the redistribution of income through higher interest rates can thus reduce total private savings even if it raises household savings.

Such influences are especially marked when interest rates are freed under rapid inflation. Though there is widespread agreement that financial liberalization undertaken in an unstable environment might make things worse, it is notable that many countries have resorted to liberalization as shock therapy against stagflation.

Financial policies must take account of the dual nature of interest rates: the return aspect, which primarily influences the distribution of asset holdings in different forms; and the cost aspect, which determines the capacity of the corporate sector to generate internal funds. It is important to bear in mind that while high interest rates are not necessary to increase savings, low and stable capital cost is crucially important for investment.

Financial Deepening

While it is generally agreed that financial liberalization raises financial activity relative to the production of goods and non-financial services, there is no consensus on the causes and effects of this financial deepening. The orthodox theory assumes that financial deepening is associated with increased savings and investment not only because higher interest rates raise savings but also because they shift them from unproductive assets towards financial assets. Such shifts can indeed occur away from commodity, gold and foreign exchange holdings as well as from the informal sector. Indeed, one of the main reasons why savings do not in practice strongly respond to increases in real interest rates is the existence of a range of assets with different degrees of protection against inflation.

However, whether such shifts improve the use of resources depends on how efficiently the financial system is operating. For instance, a shift from the informal sector can work against small producers if they have little access to bank credits. Again, while financial liberalization may shift foreign currency holdings to bank deposits and encourage repatriation of flight capital, capital flows and dollarization resulting from such policies can prove troublesome for macroeconomic stability, investment and competitiveness.

Deepening also occurs because higher interest rates redistribute income and savings between debtors and creditors. In such cases it is a symptom of a deterioration of the finances of the corporate and public sectors, reflecting an accumulation of debt in order to finance the increased interest bill rather than new investment. More important, financial liberalization increases the instability of asset prices, thereby raising prospects for quick profits through speculation. It also allows greater freedom to lend to finance activities unrelated to production and investment, and to issue debt to finance speculation. These often generate considerable financial activity unrelated to the real economy. Financial deepening driven by distress borrowing and speculation is very common in developing countries.

Thus financial deepening is not necessarily associated with a higher level and/or better use of savings. Indeed, the empirical evidence does not support the claim that it is associated with faster growth. Briefly, the relevant issue in financial reform is efficiency rather than deepening.

* *Global Interdependence Division, UNCTAD. A full-length version of this article is available as UNCTAD Discussion Paper No. 56.*

Efficiency and Intervention

The evidence clearly shows that financial liberalization has generally resulted in a considerable increase in the volatility of interest rates, equity prices, exchange rates and the prices of real estate and other real assets, and caused large and sustained deviations of these from their fundamental values. Such deviations reflect the pervasiveness of speculative forces and exert a major influence on resource allocation since they affect consumption, investment and financing decisions.

Furthermore, financial markets also fail to allocate resources efficiently because of a number of imperfections not attributable to government intervention. Such market failures are more serious in developing countries and tend to obstruct the learning process which plays a key role in modern industrialization.

Governments in many countries have therefore acted to influence the allocation and pricing of finance as part of their industrial policy. Indeed, almost all modern examples of industrialization have been accompanied by such intervention. Directed and preferential credits have been the most important instruments of some successful industrializers in East Asia. In Japan an important instrument was policy-based finance, used through the Development Bank to induce the private sector to achieve specified objectives. In Korea intervention was necessary not just to steer credit in the right direction but to underwrite production during the learning process, making it possible to establish industries having a dynamic comparative advantage.

But many countries have directed credit with much less success. The differences between successful and unsuccessful intervention have been partly due to skill in "picking winners". While it is true that governments are not necessarily better equipped to do this than markets, experience strongly suggests that whether a firm (or an industry) is a winner depends on how it is managed. In successful cases winners were not picked by bureaucrats, but through a process based on a close interaction between the government and business, and the use of market signals to assess risks and opportunities. Success also depended on ensuring reciprocity between support and performance.

While many developing countries have chosen to liberalize finance rather than reform their industrial policies and state intervention, this has not always resulted in a better allocation of credits, which has often changed in favour of services, consumer loans and property-related credits and at the expense of industry. More important, financial liberalization has almost always resulted in significant increases in non-performing loans and bank failures. Furthermore, the search for greater allocative efficiency has often reduced productive efficiency by giving rise to greater financial instability and uncertainty, thereby raising liquidity preference and the cost of finance. This is often aggravated by the tendency of bank spreads to rise due to increases in bad loans.

Regulation of Finance and Financial Stability

After many episodes of turmoil in financial markets in both developing and developed countries, there now appears to exist a consensus on the need for prudential regulations. However, many developing countries still lack the necessary legal and institutional framework.

Prudential regulations, however, may not always be sufficient to prevent financial instability. With liberalization, competition can drive up deposit and loan rates, deteriorating the quality of bank assets as high-yield, high-risk lending replaces safer but lower-yielding portfolios. Capital adequacy requirements of the type recently introduced by the Bank for International Settlements (BIS) may not always prevent this process when there is simultaneously a speculative bubble in the stock market, allowing banks to raise capital on very favourable terms. There is ample evidence for this in the recent financial history of the United States and Japan.

The dangers of escalating interest rates and excessive risk-taking are greater in developing countries. To reduce financial fragility it is thus necessary to act directly on the asset portfolio of banks and restrict lending against, or investment in, highly capital-uncertain assets, and exposure to a single firm. Often, there is also a need for ceilings on deposit and/or loan rates. Such controls should be applied with flexibility and discretion, taking into account macroeconomic conditions as well as investment. Rigid rules regarding the level of interest rates are no more sensible than those about the rate of growth of money supply in the conduct of monetary policy.

Options in Financial Organization

The efficiency of the financial system crucially depends on the way it is organized because that influences the nature and the degree of risk, uncertainty and instability. There are broadly two types of arrangement: the Anglo-American system where the stock market plays a major role; and the German-Japanese system where commercial banks assume a much greater role at all stages in the process of corporate investment. The evidence suggests that the latter has not only been remarkably stable, but that it is also

more efficient than the Anglo-American system. Furthermore, the cost of finance to industry has been much lower in Germany and, particularly, in Japan – something that has helped greatly to raise their competitiveness compared to the United States.

It should, however, be recognized that the experience of many developing countries with bank-based finance has been unsatisfactory, plagued with corruption, collusive behaviour, speculation and inefficiency. Financial instability and short-termism in bank and corporate behaviour are common features of these countries because a number of conditions essential for an efficient bank-oriented system are not always met. These include fiscal and monetary discipline and price stability, prudential regulations and effective supervision, and restrictions over ownership and control of banks by firms.

Most developing countries need to concentrate their energies on strengthening their existing bank-based systems rather than pin their hopes on transplanting Wall Street. They also need to promote long-term equity holding via institutional investors such as provident funds, and permit banks to hold equities within prudential limits. Transfer taxes and circuit breakers may be used to deter short-term trading and reduce volatility in stock markets.

External Liberalization and Financial Openness

Recent years have witnessed the increased integration of developing countries into the international financial system due to widespread external financial liberalization. The benefits claimed for the resulting financial openness are generally based on the assumption that the internationalization of finance allows savings to be pooled and allocated globally through movement of capital across countries in response to opportunities for real investment. However, the evidence does not support this. There has been no narrowing of differences in rates of return on capital investment, nor has the link between the levels of savings and investment in individual countries been considerably weakened. The main reason is that the bulk of capital movements is motivated primarily by the prospect of speculative, short-term capital gains, rather than by real investment opportunities. The exposure to such flows is greater for developing than for developed countries because their instability provides greater opportunities for windfall profits, while their ability to influence capital flows through monetary policy is more limited.

As the recent experience amply demonstrates, the speculative element is capable of generating gyrations in exchange rates. These give rise to considerable uncertainty regarding prospective investment yields, particularly in traded goods industries, and hence depress the level of investment. The influence of the exchange rate on investment decisions increases with the share of foreign trade in the economy. It is thus ironic that the exchange rate is increasingly determined by purely financial forces delinked from trade and investment at a time when developing countries place greater emphasis on trade as an engine for growth.

Complete isolation of the financial system in a developing country from the rest of world is neither feasible nor desirable. Nevertheless, these countries need to exercise a considerable degree of control over external capital flows through taxes, quantitative restrictions and exchange controls in order to minimize their adverse effects on exchange rates and trade; to control the pace of accumulation of external debt; and to gain more autonomy in monetary policy. Access of non-residents to domestic capital markets should be restricted since close links between the two inherently volatile markets can be dangerous. It is also important to resist the temptation to dollarize the economy in order to keep capital at home.

Conclusions

The focus of financial policies in developing countries should be industrialization and stability. A common feature of all modern examples of industrialization is that they have all succeeded in making finance serve industry and trade and not the other way round. This has often necessitated a considerable amount of intervention and control over financial activities. On the other hand, financial liberalization in many countries in recent years has generated more costs than benefits.

It is also equally true that government intervention in finance has often been misguided, giving rise to inefficiency and waste. However, the appropriate response should be to reform the government and rationalize intervention rather than throw in the towel and simply "unleash market forces". The main challenge is to determine where and how governments should intervene and to make sure that the intervention achieves its aims.

A pragmatic not a doctrinaire approach is needed towards financial control and liberalization in developing countries. Restrictions on credits, capital flows and interest rates may be removed over time as they fulfil their functions. Financial liberalization undertaken as a result of a successfully implemented industrial policy is very different from liberalization as a reaction to misguided and failed intervention.

NEW APPROACH PROPOSED TO REDUCE AFRICA'S DEBT BURDEN

The Secretary-General of the United Nations recently described external debt as a "millstone around the neck of Africa." He was addressing the Panel of High-level Personalities on African Development last December in Geneva, which he had earlier appointed to advise him on the implementation of the United Nations' New Agenda for the Development of Africa in the 1990s. During the Panel's second meeting, held in Rome during April, Mr. Yves Berthelot, Deputy Secretary-General of UNCTAD and a member of the Panel, outlined a proposal for dealing with Africa's debt, which is now greater than its gross domestic product (GDP) and whose servicing absorbs almost a third of the continent's export earnings. The following are excerpts from his statement.

A New Debt Initiative for Africa

The time has come for a new initiative on Africa's debt, for several reasons. First, ... past initiatives have been considered inadequate even by most creditors. The cash-flow savings attributable to the application of the "Toronto terms" – adopted by the Paris Club in 1988 – have amounted to a mere $100 million annually, or about 2 per cent of debt service obligations of beneficiary countries. As for the "enhanced Toronto terms," an UNCTAD secretariat study suggests that for half of the 22 low-income potential beneficiaries, the new terms would reduce debt service obligations to a level compatible with their capacity to pay. For the other half, however, debt burdens would still remain too high. A similar conclusion has been reached by the World Bank.

Second, despite strenuous adjustment efforts, Africa is the only region where, over the past two years, debt indicators have not improved, while arrears have grown rapidly. Over the past decade, per capita incomes have declined and the terms of trade have deteriorated. Medium-term prospects are not favourable, moreover, in view of the poor outlook for commodity prices. With the Latin American debt crisis largely over, the international community can concentrate on Africa, which accounts for only 12 per cent of the combined debt owed by developing countries, Eastern Europe and the former Soviet Union.

Third, a new focus on African debt would allay fears of a diversion of resources from developing countries to Eastern Europe and the former Soviet Union. A new initiative would also compensate for the lack of real expansion in IDA resources, despite the increase in the number of eligible countries.

Elements of a New Initiative

Concerted action is needed on all categories of external debt, bilateral, multilateral and commercial. Priority attention should, however, be given to bilateral debt, given its predominance in Africa's external obligations.

Official Bilateral Debt

A new approach on official bilateral debt requires bolder measures in two key areas: debt reduction and the institutional framework for debt relief.

In accordance with a resolution adopted in UNCTAD in 1978, there have been significant cancellations of Africa's official development assistance (ODA) debt by donors on a unilateral basis (that is outside the Paris Club framework), amounting to some $10 billion. Further efforts need to be made by donors to arrive at a full write-off of ODA debt, which still amounts to some $30 billion for sub-Saharan Africa alone.

As for the Paris Club, the concept of debt and debt service reduction has been more widely applied since 1988. There are, however, several aspects that require further improvement: the scale of debt reduction, eligibility criteria, and the appropriate time-frame for implementation.[1]

With regard to the scale of debt reduction, several creditors .... are ready to adopt the "Trinidad terms", implying a two-thirds reduction. Such a favourable creditor attitude could be concretized if at the forthcoming Tokyo summit of the Group of 7 agreed on the need for additional debt relief for the low-income countries and adopted the Trinidad terms as a benchmark, with further reductions when needed.

As regards eligibility criteria .... these should be widened to include all heavily indebted low-income countries that are IDA recipients, even if they borrow from IBRD. Nigeria is a case in point. The bilateral debt burden also poses a serious problem to a number of middle-income countries .... It is to be hoped that the Tokyo summit will not ignore the debt reduction needs of those middle-income countries whose burden of official bilateral debt is excessively onerous.

As for the time-frame .... debt reduction is most effective if it is implemented in a single operation ... The Tokyo summit could recommend that the Paris Club .... grant debt reduction in a single operation, to take place at the next meeting with the beneficiary country.

On the subject of the institutional framework, many Paris Club watchers, including UNCTAD,

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[1] *For a fuller treatment of the case for official bilateral debt relief see, "The Paris Club: A Group of Debt Collectors or a Development-Oriented Institution ?" by Francesco Abbate, "UNCTAD Bulletin", March-April 1993.*

have for quite some time been advocating greater coordination between the Paris Club and donors' fora, such as Consultative Groups and Round Tables, or even the shift to such fora of official bilateral debt rescheduling for low-income countries, ... on the assumption that donor agencies are more sympathetic than creditor agencies to a holistic assessment of a country's need for debt relief and new flows. In such a framework, the views of development-oriented institutions, like the World Bank and the United Nations, would be given a weight at least equal to those of the IMF.

If the rescheduling of official bilateral debt is examined within the context of a donors' forum, a number of additional benefits could accrue to debtor countries. First, this forum could detect and act on a country's debt servicing difficulties at an early stage. Second, ... it should lead to .... a genuine case-by-case approach. Third, ... since 1988 the Paris Club has granted concessional debt relief and has thus become an aid provider. The need for close coordination, or merger, with donors' fora is even greater today. Fourth, [it] .... would reduce considerably the high "transaction costs" currently borne by low-income debtor countries.

Multilateral Debt

Over the last decade, multilateral debt has grown very rapidly. In sub-Saharan Africa, it now accounts for 25 per cent of total external debt and 40 per cent of total debt service payments. In many severely indebted low-income countries, the share of multilateral debt service is over 50 per cent. The servicing of this debt has become so large that net financial transfers from all multilateral financial institutions (MFIs) combined have sharply declined, while those from the IMF have turned negative. In addition, a number of African countries have incurred arrears on their multilateral debt. To a large degree, debt service to MFIs is being financed by growing arrears on all other categories of debt or by contributions made by bilateral donors. The MFIs have taken a number of measures to help avoid arrears and to deal with already existing arrears. Further action, however, is needed on both fronts, as multilateral debt issues are likely to loom large in the 1990s.

In order to avoid the accumulation of arrears, the priority is a substantial increase in net transfers from the MFIs. This calls for adequate replenishments of IDA, the African Development Fund, and the early establishment of a successor to the IMF's Enhanced Structural Adjustment Facility (ESAF) endowed with sizeable resources. In order to deal with arrears when they emerge, a distinction should be made between arrears resulting from a liquidity crisis and those caused by a solvency crisis. In the former case, improvements in the existing mechanisms involving a disguised rescheduling – the IMF's rights accumulation programme and a similar scheme of the World Bank – are needed in order to make them at least comparable to current Paris Club practices.

In the case of a solvency crisis, debt or debt service reduction is required. This has been already achieved, albeit on a very limited scale, through IDA's "fifth dimension', providing interest rate subsidies on originally non-concessional IBRD loans. The scheme would need additional resources to cover concessional refinancing of IBRD principal payments as well. Furthermore, the African Development Bank could consider establishing a similar interest subsidy programme.

More generally, a menu of options needs to be considered to alleviate the multilateral debt burden, while preserving the MFIs' financial viability: A special, one-time SDR allocation to finance multilateral debt stock reduction; IMF gold sales, with the proceeds being used to clear the arrears of low-income countries with the IMF, in the context of agreed programmes, as proposed by the Fraser Report on Africa's commodity problems; conversion of a portion of multilateral debt into equity investments (for example, an IBRD-IFC debt-equity swap type arrangement).

Commercial Bank Debt

Although commercial bank debt accounts for only 15 per cent of the external debt of sub-Saharan countries, it is quite important in Nigeria and in the middle-income countries. In all debt-distressed countries, arrears on commercial bank debt have had an adverse impact on badly-needed trade financing. Only Nigeria has so far concluded a debt reduction agreement with banks under the Brady Plan, while Mozambique and Niger have virtually extinguished their commercial debt in buy-back operations financed by IDA's Debt Reduction Facility (DRF).

The slow progress on commercial debt reduction is mainly due to the banks' reluctance to reach agreement in cases where they are highly provisioned, discounts are high, and which constitute a small portion of their loan portfolio. Delays in starting DRF operations and in mobilizing sufficient bilateral donor support have compounded the problem.

Action on the commercial bank front requires the following measures: appropriate regulatory and tax provisions and moral suasion by creditor governments to induce banks to agree to debt reduction; an expansion of the DRF with increased multilateral and bilateral resources and an extension of its eligibility to all affected low-income and middle-income countries.

REVIEWS

STRUCTURAL MACROECONOMIC UNDERPINNINGS OF EFFECTIVE INDUSTRIAL POLICY: FAST GROWTH IN THE 1980s IN FIVE ASIAN COUNTRIES

UNCTAD Discussion Paper-No. 57, April 1993
Alice H. Amsden

Unusually rapid rates of growth in the 1980s characterized not just the Republic of Korea and Taiwan, Province of China but also Malaysia, Indonesia and Thailand. The question that drives this *Discussion Paper* is how these East Asian economies managed to escape some of the worst effects of the debt crisis and the world economic downturn. Part of the answer is assumed to lie in differences among developing countries in the quality, rather than quantity, of government intervention (called industrial policy). In turn, the quality of industrial policy in East Asia is hypothesized to be influenced by a set of structural economic characteristics. Of these, the *Paper* focuses on the trade balance and the government budget balance. It suggests that it is the ability of the government to impose performance standards on subsidized businesses which underlies the rapid transition of a given industry from import substitution to export activity. Cross-country differences in savings behaviour are also explored.

GENERATION AND TRANSFER OF ENVIRONMENTALLY-SOUND TECHNOLOGIES IN MANUFACTURES: A SURVEY

Celso Almeida
UNCTAD Discussion Paper-No. 58, May 1993

This *Discussion Paper* provides an overview of the generation and adoption of environmentally-sound technologies (ESTs) in the industrial sector, with particular reference to the transfer of ESTs to developing countries. The first part discusses the concept of ESTs, the primary reasons for investing in ESTs in developed countries, the "cleaning up" and the "pollution prevention" approaches and the direction of environmental research and development (R&D) in developed countries. The second part briefly reviews the principal environmental problems, in particular the higher growth of polluting industries in developing countries. It finds that while certain developing countries in Asia, Africa and Latin America have been generating and adopting ESTs, most developing countries do not have the necessary means to do so. The third part asks to what extent imports of ESTs and their transfer to developing countries through foreign direct investment could compensate for this deficiency. The *Paper* suggests that technical cooperation could also play a role in this regard, but concludes that the success of ESTs will depend largely on the efforts of each developing country to improve the relationship between technology and the environment.

PRIVATIZATION IN EASTERN EUROPE: A SURVEY OF THE MAIN ISSUES

UNCTAD Discussion Paper-No. 59, May 1993
Ali-Reza Nikpay

This *Discussion Paper* provides an assessment of the major techniques of privatization proposed in the literature, in particular with regard to the issues of corporate governance and the likely structure of ownership. The *Paper* first identifies the major factors which are widely regarded as crucial principles of any privatization plan, namely the need for fairness and speed and for the establishment of an efficient system of corporate control. It goes on to examine each of these in the context of Eastern Europe's political economy, drawing on the experiences of developed as well as developing countries. The second section uses this discussion as a framework to describe and analyze some of the more important proposals made to date, highlighting their main advantages and disadvantages. The proposals reviewed include the British sale model, worker self-management, "pure" voucher schemes, and those entailing the creation of financial intermediaries. The *Paper* concentrates on the privatization of the larger State-owned enterprises.

UNCTAD REVIEW

Number 4
United Nations publication
Sales No.E.93.II.D.4, US$28

The fourth issue of the *UNCTAD Review*, an international journal containing articles on all aspects of international trade, finance and development, features six articles. These are listed below.

- *The stock-market and economic development: Should developing countries encourage stock-markets ?*
  Ajit Singh
- *Some implications for banking of the Draft General Agreement on Trade in Services of December 1991*
  Andrew Cornford
- *Public enterprises in developing countries and economic efficiency*
  Ha-Joon Chang and Ajit Singh

- *Privatization in developing countries: Theoretical issues and the experience of Bangladesh*
  Venkataraman Bhaskar
- *On the deterioration of the net barter terms of trade for primary commodities*
  Alexandre R. Barros and Analice Amazonas
- *Real exchange rate movements of the Indian rupee: Impact on selected commodity exports*
  Indira Rajaraman

THE EARTH SUMMIT'S AGENDA FOR CHANGE

Michael Keating
Centre for Our Common Future
Geneva, 1993, US$10

Written by the renowned environment author and consultant, Michael Keating, *The Earth Summit's Agenda for Change* is a non-analytical, plain language version of Agenda 21 and of the other agreements reached at the Rio Conference last year. It is designed to benefit a broad audience, including governments, business groups, independent sectors, the education community and concerned individuals, explaining in clear terms what was decided at Rio. The book, which was produced with the sponsorship of the Government of Switzerland, is available in English, French, German, Italian, Russian and Spanish. *Copies may be obtained from the Centre of Our Common Future, 52 rue des Pâquis, 1201 Geneva, Switzerland.*

NOTES

TALKS ON TROPICAL TIMBER AGREEMENT

The United Nations Conference convened to negotiate a successor agreement to the international Tropical Timber Agreement 1983 met under UNCTAD auspices from 13-16 April. The Conference carried out a first reading of proposals put forward by producers and consumers, with a focus on five clusters of issues, namely: the scope of the agreement; the Target Year 2000, the year by which all exports of tropical timber products would have to come from sustainably managed forests; financial resources; trade discrimination; and the functioning of the International Tropical Timber Organization (ITTO). The Conference requested the Secretary-General of UNCTAD, in cooperation with the Executive Director of the ITTO to prepare a composite text of a draft successor agreement based on the proposals made by the producer and consumer groups.

BOARD MEETS ON URUGUAY ROUND

The Trade and Development Board met in a one-day Executive Session on 27 April to discuss the Uruguay Round. At its spring session the Board had sent a message to all Governments participating in the Round recalling that there should be an early, balanced and successful conclusion of the Round as a prerequisite to a return to the path of growth, trade expansion and an improved world economic climate. In an opening statement, the Secretary-General of UNCTAD, Mr. Kenneth K.S. Dadzie said that "It would be wrong to assume that an alternative to ... [such a conclusion] is a resumption of the status quo ante. On the contrary, ... a vicious circle could ensure in which heightened protectionism serves to impede rapid recovery from recession ...". The Session provided an opportunity for an exchange of views on the state of the negotiations and on UNCTAD's role in evaluating the results of the Round.

BAUXITE PRODUCERS AND CONSUMERS MEET IN UNCTAD

Twenty-three countries, the EEC and interested organizations, including the International Bauxite Association and the International Primary Aluminium Institute, met under UNCTAD auspices on 29-30 April to review the current market situation for bauxite, alumina and aluminium. The latter is characterized by record stock levels and low prices. A number of countries expressed concern at the fact that prices have fallen below operating costs, making shutdowns of many smelters necessary. Participants also called for improved market transparency and requested the UNCTAD secretariat to prepare a report for the next meeting, scheduled for 1994, reviewing the accuracy and completeness of statistics on the production, consumption and trade of bauxite, alumina and aluminum. Improved statistics, in particular with regard to the republics of the former Soviet Union, should make for a better understanding of market dynamics.

INTERNATIONAL CONVENTION ON MARITIME LIENS AND MORTGAGES

A new Convention on Maritime Liens and Mortgages was adopted on 6 May by sixty-five countries taking part in a joint United Nations/International Maritime Organization Conference held under UNCTAD auspices. The Convention is intended to improve conditions for ship financing and the development of national merchant fleets and to promote international uniformity in the field of maritime liens and mortgages. According to the Convention, only five types of claims against the owners, demise charterer, manager or oper-

ator of a vessel shall be secured by a maritime lien on the vessel, and thus have priority over the mortgages, which are traditionally the main source of ship financing. A State Party, however, can still grant other maritime liens under its law though only under strict conditions. Such liens, moreover, would rank after the five liens referred to above and mortgages.The interests of the mortgagees are further protected because compensation payable to the owner of the vessel under an insurance contract will in future not go to maritime lien holders but to the mortgagee. For the first time, moreover, an international legal instrument contains provisions on temporary change of flag in case of bareboat charter registration: the Convention states that the rights of mortgagees are determineu by the law of the State in which the vessel was registered immediately prior to the change of flag.

GSP ANNUAL REVIEW

The UNCTAD Special Committee on Preferences conducted its annual review of the implementation of the Generalized System of Preferences (GSP) from 10-14 May. The GSP is a system of individual tariff concessions granted by developed to developing countries which was launched in 1971 under UNCTAD auspices. In 1991, the GSP generated more than US$72 billion worth of exports, mostly of manufactures and semi-manufactures, from preference-receiving countries. The Committee reviewed the implementation of the GSP, issues pertaining to the rules of origin that govern the system and technical cooperation. It also agreed to start, at its next meeting, preparations for the policy review of the GSP in 1995. During the meeting 80 bilateral consultations were held between preference-giving and preference-receiving countries.

TRANSIT PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES REVIEWED

Governmental experts from 23 land-locked and 13 transit developing countries and representatives of donor countries and financial institutions, meeting in New York from 17-19 May, agreed on a strategy for dealing with transit problems. The strategy lays the basis of an effective framework for cooperation among the three parties in that it identifies priority measures to be taken at the national, subregional and international levels. Among others, these deal with the regulatory framework, transit operations and transit facilities and services. The meeting's agreed conclusions and recommendations are to be submitted to UNCTAD's Trade and Development Board and, through it, to the General Assembly.

PUBLICATIONS

- Review of the country presentations in the light of a cross-country analysis by the secretariat on the design, implementation and results of privatization programmes (TD/B/WG.3/7)
- Report of the Standing Committee on Economic Cooperation among Developing Countries on its first session (TD/B/CN.3/5)
- Report of the Ad Hoc Working Group on Interrelationship between Investment and Technology Transfer on its first session (TD/B/WG.5/4)
- Report of the Intergovernmental Group of Experts on Tungsten on its first session (TD/B/CN.1/TUNGSTEN/5)
- Report of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries on its first session (TD/B/WG.4/3)
- Transit systems for land-locked developing countries: Current situation and proposals for future action (TD/B/LDC/AC.1/2)
- Developments in the Uruguay Round (TD/B/EX(3)/2)
- Report of the Standing Committee on Poverty Alleviation on its first session (TD/B/CN.2/5)
- Report of the Standing Committee on Developing Services Sectors: Insurance on its first session (TD/B/CN.4/18)
- R and D collaboration agreements among enterprises: a legal and contractual analysis (UNCTAD/ITD/TEC/2)
- Legal aspects of port management (UNCTAD/SHIP/639)

Sales Publication

- Proceedings of the United Nations Conference on Trade and Development – seventh session – Basic documents (TD/352 (Vol. III) (Sales No. E.88.II.D.3, US$55)

Reprint Series

- Counterpurchase: a Potential Instrument for Debt Relief in Selected African Countries, by V. Monaldi and K. Netter (UNCTAD/OSG/RS/72) (English only)
- Latin American Integration and the Enterprise for the Americas Initiative by E. Gitli and G. Ryd (UNCTAD/OSG/RS/73) (English only)

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FORTHCOMING UNCTAD MEETINGS

- ***July***
  5-16
  United Nations Cocoa Conference, 1992, fifth part
- ***29 September-1 October***
  Trade and Development Board, fortieth session, first part
- ***October***
  4-8
  Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, second session

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

ISSN: 0259-3181

COURTESY OF UNCTAD BULLETIN